

**Senate File 257 - Introduced**

SENATE FILE 257

BY JOHNSON

(COMPANION TO LSB 1978HH BY  
DRAKE)

**A BILL FOR**

1 An Act providing for voting methods which may be utilized by  
2 members of cooperative associations.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 499.2, Code 2011, is amended by adding  
2 the following new unnumbered paragraph:

3 NEW UNNUMBERED PARAGRAPH. "*Alternative voting method*" means  
4 a method of voting other than a written ballot, including  
5 voting by electronic, telephonic, internet, or other means that  
6 reasonably allows members the opportunity to vote.

7 Sec. 2. Section 499.29, Code 2011, is amended to read as  
8 follows:

9 **499.29 Manner of voting.**

10 ~~Votes~~ A vote shall not be cast ~~in person, and not~~ by proxy.  
11 The vote of a member-association shall be cast only by its  
12 representative duly authorized in writing. ~~If the articles~~  
13 ~~or bylaws permit, a~~ A member may cast that member's vote, in  
14 advance of the meeting, by mail ballot or, if the association's  
15 articles or bylaws permit, by an alternative voting method  
16 upon any proposition of which the member has been previously  
17 notified in writing.

18 Sec. 3. Section 499.41, unnumbered paragraph 1, Code 2011,  
19 is amended to read as follows:

20 Notwithstanding the provisions of the articles of  
21 incorporation of any association pertaining to amendment  
22 thereto now in effect, any association may amend its articles  
23 of incorporation by a vote of sixty-six and two-thirds percent  
24 of the members present, or ~~represented~~ voting by mailed  
25 ~~ballots~~ ballot or alternative voting method, and having voting  
26 privileges, at any annual meeting or any special meeting called  
27 for that purpose, provided that at least ten days before said  
28 annual meeting or special meeting a copy of the proposed  
29 amendment or summary thereof be sent to all members having  
30 voting rights; or said articles of incorporation may be amended  
31 in accordance with the amendment requirements contained in  
32 the articles or bylaws of said association that are adopted  
33 subsequent to July 4, 1963, or are in effect on or after July 4,  
34 1964, provided said amendment requirements in the articles or  
35 bylaws are not less than established in this section.

1     Sec. 4. Section 499.47B, subsection 3, paragraph a, Code  
2 2011, is amended to read as follows:

3     a. Except as provided in paragraph "b", the sale, lease,  
4 exchange, or other disposition must be approved by a two-thirds  
5 vote of the members ~~on a ballot~~ in which a majority of all  
6 voting members participate.

7     Sec. 5. Section 499.47B, subsection 3, paragraph b,  
8 subparagraph (1), Code 2011, is amended to read as follows:

9     (1) If the cooperative association's articles of  
10 incorporation require approval by more than two-thirds of its  
11 members ~~on a ballot~~ in which a majority of all voting members  
12 participate, the sale, lease, exchange, or other disposition  
13 must be approved by the greater number as provided in the  
14 articles of incorporation.

15     Sec. 6. Section 499.64, subsections 2 and 3, Code 2011, are  
16 amended to read as follows:

17     2. At the meeting, a ~~ballot~~ vote of the members who are  
18 entitled to vote in the affairs of the association shall be  
19 taken on the proposed plan of merger or consolidation. The  
20 plan of merger or consolidation shall be approved as follows:

21     a. Except as provided in paragraph "b", the proposed plan of  
22 merger or consolidation must be approved by a two-thirds vote  
23 of the members ~~on a ballot~~ in which a majority of all voting  
24 members participate.

25     b. (1) If the cooperative association's articles of  
26 incorporation require approval by more than two-thirds of its  
27 members ~~on a ballot~~ in which a majority of all voting members  
28 participate, the proposed plan of merger or consolidation must  
29 be approved by the greater number as provided in the articles  
30 of incorporation.

31     (2) If the board of directors adopts additional conditions  
32 for the approval of the plan of merger or consolidation as  
33 provided in subsection 1, the additional conditions must be  
34 satisfied in order for the plan of merger or consolidation to  
35 be approved.

1     ~~3. Voting by members may be by mail ballot notwithstanding~~  
2 ~~any contrary provision in the articles of incorporation or~~  
3 ~~bylaws.~~

4     Sec. 7. Section 501.101, Code 2011, is amended by adding the  
5 following new subsection:

6     NEW SUBSECTION. 01. *“Alternative voting method”* means  
7 a method of voting other than a written ballot, including  
8 voting by electronic, telephonic, internet, or other means that  
9 reasonably allow members the opportunity to vote.

10    Sec. 8. Section 501.203, subsection 4, Code 2011, is amended  
11 to read as follows:

12    4. If the board does not recommend the amendment or  
13 restatement to the members, then the amendment or restatement  
14 must be adopted by the members by a vote of two-thirds of the  
15 votes cast ~~on a ballot~~ in which a majority of all votes are  
16 cast.

17    Sec. 9. Section 501.204, Code 2011, is amended to read as  
18 follows:

19    **501.204 Bylaws.**

20    The board may adopt or amend the cooperative’s bylaws by a  
21 vote of three-fourths of the board. The members may adopt or  
22 amend the cooperative’s bylaws by a vote of three-fourths of  
23 the votes cast ~~on a ballot~~ in which a majority of all votes are  
24 cast. A bylaw provision adopted by the members shall not be  
25 amended or repealed by the directors.

26    Sec. 10. Section 501.303, subsection 2, Code 2011, is  
27 amended to read as follows:

28    2. A member may vote at a member meeting in person or by  
29 ~~signed absentee mail~~ ballot that specifies the issue and the  
30 member’s vote on that issue. If the board makes available an  
31 ~~absentee a~~ ballot form, then that form must be used to cast an  
32 ~~absentee a mail~~ ballot on that issue. If the cooperative’s  
33 articles or bylaws permit it, a member may cast a vote by  
34 an alternative voting method. The cooperative shall take  
35 reasonable measures to authenticate that a vote is cast by a

1 member eligible to cast that vote.

2 Sec. 11. Section 501.601, subsection 1, paragraph a, Code  
3 2011, is amended to read as follows:

4 a. "*Dissenting member*" means a voting member who votes in  
5 opposition to the plan of conversion and who makes a demand for  
6 payment as provided in this section not later than the deadline  
7 for members to ~~cast ballots on the~~ vote to approve the plan of  
8 conversion.

9 Sec. 12. Section 501.601, subsection 2, paragraph b, Code  
10 2011, is amended to read as follows:

11 b. The members must approve the plan of conversion by the  
12 vote of two-thirds of the votes cast ~~on a ballot~~ in which a  
13 majority of all votes are cast.

14 Sec. 13. Section 501.601, subsection 3, paragraph b, Code  
15 2011, is amended to read as follows:

16 b. An equity holder who is not a voting member shall have  
17 the same rights as a dissenting member if the equity holder  
18 makes a demand for payment pursuant to paragraph "a" not later  
19 than the deadline for members to ~~cast ballots on the~~ vote to  
20 approve the plan of conversion.

21 Sec. 14. Section 501.603, subsection 2, Code 2011, is  
22 amended to read as follows:

23 2. A cooperative may sell, lease, exchange, or otherwise  
24 dispose of all, or substantially all, of its property, with  
25 or without the goodwill, on the terms and conditions and for  
26 the consideration determined by the board, which consideration  
27 may include the interests of another cooperative, if the board  
28 recommends the proposed transaction to the members, and the  
29 members approve it by the vote of two-thirds of the votes cast  
30 ~~on a ballot~~ in which a majority of all votes are cast. The  
31 board may condition its submission of the proposed transaction  
32 on any basis.

33 Sec. 15. Section 501.614, subsection 2, Code 2011, is  
34 amended to read as follows:

35 2. At the meeting, a ~~ballot~~ vote of the members who are

1 entitled to vote in the affairs of the association shall be  
2 taken on the proposed plan of merger or consolidation. The  
3 plan of merger or consolidation shall be approved if two-thirds  
4 of the members vote affirmatively ~~on a ballot~~ in which a  
5 majority of all voting members participate. ~~Voting may be~~  
6 ~~by mail ballot notwithstanding any contrary provision in the~~  
7 ~~articles of association or bylaws.~~

8 Sec. 16. Section 501A.102, subsection 2, Code 2011, is  
9 amended to read as follows:

10 2. "Alternative ballot voting method" means a method of  
11 ~~voting for a candidate or issue prescribed by the board in~~  
12 ~~advance of the vote, and may include other than a written~~  
13 ballot, including voting by electronic, telephonic, internet,  
14 or other means that reasonably allow allows members the  
15 opportunity to vote.

16 Sec. 17. Section 501A.504, subsection 1, paragraph a,  
17 subparagraph (1), Code 2011, is amended to read as follows:

18 (1) The board, by majority vote, must pass a resolution  
19 stating the text of the proposed amendment. The text of the  
20 proposed amendment and an attached ~~mail or alternative~~ ballot,  
21 if the board has provided for a mail ~~or alternative~~ ballot in  
22 the resolution ~~or alternative method approved by the board~~  
23 ~~and stated in the resolution,~~ shall be mailed or otherwise  
24 distributed with a regular or special meeting notice to each  
25 member. If the board authorizes an alternative voting method,  
26 the text of the proposed amendment and explanation of how  
27 to cast a vote using the alternative voting method shall be  
28 distributed with the regular or special meeting notice to each  
29 member. The notice shall designate the time and place of the  
30 meeting for the proposed amendment to be considered and voted  
31 on.

32 Sec. 18. Section 501A.504, subsection 1, paragraph a,  
33 subparagraph (2), unnumbered paragraph 1, Code 2011, is amended  
34 to read as follows:

35 If a quorum of the members is registered as being present or

1 represented ~~by alternative vote~~ at the meeting, the proposed  
2 amendment is adopted if any of the following occurs:

3     Sec. 19. Section 501A.703, subsection 5, Code 2011, is  
4 amended to read as follows:

5     5. *Vote by mail ballot or alternative ballot voting*  
6 *method.* The following shall apply to voting by mail ballot or  
7 alternative ~~ballot voting~~ voting method:

8     *a.* A member shall not vote for a director other than  
9 by being present at a meeting, ~~or~~ by mail ballot, or by  
10 alternative ~~ballot voting method~~, as authorized by the board.

11     *b.* The ballot shall be in a form prescribed by the board.

12     *c.* The member shall mark the ballot for the candidate  
13 chosen and mail the ballot to the cooperative in a sealed plain  
14 envelope inside another envelope bearing the member's name, or  
15 the member shall vote by designating the candidate chosen by  
16 an alternative ballot voting method in the manner prescribed  
17 by the board.

18     *d.* If the ballot of the member is received by the  
19 cooperative on or before the date of the regular members'  
20 meeting or as otherwise prescribed for an alternative ballots,  
21 voting method, the ballot or alternative voting method shall be  
22 accepted and counted as the vote of the absent member.

23     Sec. 20. Section 501A.804, subsection 2, Code 2011, is  
24 amended to read as follows:

25     2. *Notice.* The cooperative shall give notice of a special  
26 members' meeting by mailing the special members' meeting notice  
27 to each member personally at the person's last known post  
28 office address, or by another process determined by the board  
29 if the member is to vote by an alternative voting method as  
30 approved by the board and agreed to by the member individually  
31 or the members generally. For a member that is an entity, the  
32 notice mailed, or delivered by another process for vote by  
33 an alternative voting method, shall be to an officer of the  
34 entity. The special members' meeting notice shall state the  
35 time, place, and purpose of the special members' meeting. The

1 special members' meeting notice shall be issued within ten  
2 days from and after the date of the presentation of a members'  
3 petition, and the special members' meeting shall be held within  
4 thirty days after the date of the presentation of the members'  
5 petition.

6 Sec. 21. Section 501A.806, subsection 2, Code 2011, is  
7 amended to read as follows:

8 2. *Quorum for voting by mail.* In determining a quorum at  
9 a meeting, on a question submitted to a vote by mail or by  
10 an alternative voting method, members present in person or  
11 represented by mail vote or the alternative voting method shall  
12 be counted. The attendance of a sufficient number of members  
13 to constitute a quorum shall be established by a registration  
14 of the members of the cooperative present at the meeting.  
15 The registration shall be verified by the chairperson or the  
16 records officer of the cooperative and shall be reported in the  
17 minutes of the meeting.

18 Sec. 22. Section 501A.810, subsection 3, Code 2011, is  
19 amended to read as follows:

20 3. *Voting method.* A member's vote at a members' meeting  
21 shall be cast in person, ~~or~~ by mail if a mail vote ballot is  
22 authorized by the board, or by an alternative voting method if  
23 that is authorized by the board and. A vote shall not be cast  
24 by proxy, except as provided in subsection 4. The cooperative  
25 shall take reasonable measures to authenticate that a vote is  
26 cast by a member eligible to cast that vote.

27 Sec. 23. Section 501A.810, subsection 5, Code 2011, is  
28 amended to read as follows:

29 5. *Absentee Mail ballots.*

30 ~~a.~~ The provisions of this subsection apply to absentee mail  
31 ballots.

32 ~~b.~~ a. A member who is or will be absent from a members'  
33 meeting may vote by mail ~~or by an approved alternative method~~  
34 ~~on the ballot prescribed in this subsection~~ on any motion,  
35 resolution, or amendment that the board submits for vote by

1 mail ~~or alternative method to the members.~~

2 ~~c.~~ b. The A ballot shall be in the form prescribed by the  
3 board and ~~contain all of the following:~~

4 ~~(1) The exact text of the proposed motion, resolution, or~~  
5 ~~amendment to be acted on at the meeting.~~

6 ~~(2) The~~ be accompanied by the text of the proposed motion,  
7 resolution, or amendment for which the member may indicate an  
8 affirmative or negative vote to be acted upon at the meeting.

9 ~~d.~~ c. The member shall express a choice by marking  
10 an appropriate choice on the ballot and mail, deliver, or  
11 otherwise submit the ballot to the cooperative in a plain,  
12 sealed envelope inside another envelope bearing the member's  
13 name or by an alternative method approved by the board.

14 ~~e.~~ d. A properly executed ballot shall be accepted by  
15 the board and counted as the vote of the absent member at the  
16 meeting.

17 Sec. 24. Section 501A.810, Code 2011, is amended by adding  
18 the following new subsection:

19 NEW SUBSECTION. 6. Alternative voting method. The board  
20 may also allow the members to vote by alternative voting  
21 method, provided the members receive a copy of the proposed  
22 motion, resolution, or amendment to be acted upon.

23 Sec. 25. Section 501A.1101, subsection 4, paragraph b,  
24 subparagraph (1), Code 2011, is amended to read as follows:

25 (1) A quorum of the members eligible to vote is registered  
26 as being present at the meeting or ~~represented~~ voting by mail  
27 ~~vote~~ ballot or ~~alternative ballot at the meeting~~ voting method.

28 EXPLANATION

29 This bill amends provisions affecting entities known as  
30 cooperative associations (sometimes referred to as simply  
31 "associations" or "cooperatives") organized under Code chapter  
32 499, 501, or 501A. In each case, the entity is comprised of  
33 members who may vote upon certain issues affecting it, such  
34 as a candidate running as a director on its board or another  
35 question involving its management or continuation (e.g., a

1 merger proposal) as required by statute or in its articles of  
2 incorporation or articles of organization. The bill provides  
3 that members may vote by an "alternative voting method", which  
4 provides that a member may vote by electronic, telephonic,  
5 the internet, or other means that reasonably allows members  
6 the opportunity to vote, as provided in the entity's articles  
7 or by its board. The provisions allowing for voting by an  
8 alternative voting method are based on the procedure referred  
9 to as an "alternative voting ballot" currently provided in Code  
10 chapter 501A. The bill changes its name but not its definition.  
11 The bill also provides that a member of a cooperative  
12 association may cast, in advance of a meeting, a vote by mail  
13 ballot upon any proposition of which the member has been  
14 previously notified in writing.